

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	§	Chapter 11
	§	
W.R. GRACE & CO., <i>et al.</i>,	§	Jointly Administered
	§	Case No. 01-01139 (JKF)
Debtors.	§	
	§	

**FEE AUDITOR'S FINAL REPORT REGARDING QUARTERLY INTERIM
FEE APPLICATION OF ORRICK, HERRINGTON & SUTCLIFFE LLP FOR
FOR THE PERIOD OF JULY 1, 2012, THROUGH SEPTEMBER 30, 2012**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Quarterly Interim Fee Application of Orrick, Herrington & Sutcliffe LLP for the Period of July 1, 2012, through September 30, 2012 (the “Application”).

BACKGROUND

1. Orrick, Herrington & Sutcliffe LLP (“Orrick”) was retained as bankruptcy counsel to David T. Austern, Future Claimants’ Representative. In the Application, Orrick seeks approval of fees totaling \$553,578.25 and expenses totaling \$6,165.47 for its services from July 1, 2012, through September 30, 2012 (the “Application Period”).

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2013, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C.

§330, Issued January 30, 1996 (the "U.S. Trustee Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served an initial report on Orrick based upon our review, and we received a response from Orrick, portions of which response are quoted herein.

DISCUSSION

General Issues

3. We noted that the expense detail was missing from Orrick's Application. Orrick supplied its expense detail in response to our request. See Response Exhibit A. Our questions concerning Orrick's expenses are addressed in the following paragraphs.

Specific Expense Entries

4. We noted the following expense entry on Orrick's July 2012 monthly fee application which is almost identical to an expense listed on Orrick's June 2012 monthly fee application:

5/2/2012 AIR Travel Expense, Air Fare Wyron, Richard \$384.51
 VENDOR: American Express; INVOICE#: 052512A; DATE: 5/25/2012 - FIRM-FIRM/#153029/MYP - LAWYERS TRAVEL CHARGE ACCT 3XXX-X708-11008

In our initial report for April through June 2012, we inquired concerning the following air fare charge:

5/2/2012	Wyron, Richard	AIR	\$384.51	Vendor: American Express; Invoice#: 0522512A; Date: 5/25/2012 - Firm/#153029/MYP - Lawyers Travel Charge Acct 3XXX-X708-11008-
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We asked Orrick whether one of these expense entries was a duplicate, and Orrick responded:

Orrick has reviewed the two expenses dated May 2, 2012 each in the amount of

\$384.51, representing air travel charges, which appear on Orrick's June and July monthly fee applications. Although identical in amount, these charges are not for the same trip. Orrick had originally responded to the fee auditor's report for the April-June 2012 time period that the charge on the June monthly fee application represented round-trip travel. That was incorrect; that charge was for one-way travel only. The charge billed on the June monthly represents travel from Washington National Airport, DC to LaGuardia Airport, NY, and the charge in an equal amount billed on the July monthly represents the return air travel from NY to DC. The total air fare for this coach class, round-trip travel, is \$768.02. I apologize for the confusion.

We accept Orrick's response and have no objection to this expense.

5. We noted the following meal charges for which more information was needed:

6/14/2012 BUSML Other Business Meals Wyron, Richard \$ 1 1 6 . 2 0
 VENDOR: Flik Compass Group USA; INVOICE#: X199940912; DATE: 6/1/2012
 - DC-DC\id#155167\mkm-June 2012 meals; period 09'12 ended June 30, 2012 cust.
 # F199940000

7/17/2012 TRVML Out of Town Business Meals Wyron, Richard \$164.75
 VENDOR: Wyron, Richard H.; INVOICE#: 072012; DATE: 7/25/2012 -
 dc/dd/#155149/myp - meeting w/ Montana Counsel in Ny 7/17- 18/12

9/5/2012 BUSML Other Business Meals Frankel, Roger \$209.89
 VENDOR: Sabereh Pizza & Deli, Inc. dba Tuscany; INVOICE#: 12585; DATE:
 9/5/2012 - NY-NY\id#157329\mkm-meal

8/14/2012 BUSML Other Business Meals Wyron, Richard \$ 1 1 1 . 1 5
 VENDOR: Flik Compass Group USA; INVOICE#: X199941112; DATE: 8/1/2012
 - DC-DC\id#157872\mkm-cust. # F19990000 period ended 11'12 ended Aug. 31,
 2012

In response to our request, Orrick provided the following information:

a. 6/14/12 – \$116.20--Lunch Meeting for 8 people in Orrick's Washington, DC office

b. 7/17/12 – Total Expense of \$164.75 – below is a breakdown of the total expense:

1. Breakfast for 1 person in NY - \$8.25
2. Dinner (7/17) for 1 person in NY - \$47.50
3. Dinner (7/18) for 1 person on train from NY to DC - \$109.00

(Note: this amount will be reduced by \$29 to comply with the fee

guidelines setting NY dinner meals at \$70 per person)

c. 8/14/12 – \$111.15 – Lunch Meeting for 9 people in Orrick's Washington, DC office

d. 9/5/12 – \$209.89 – Lunch Meeting for 5 people in Orrick's New York office

We appreciate Orrick's response and its proffered reduction of \$29.00 for the \$109.00 New York dinner expense. However, a reduction of \$39.00 is necessary to bring the expense down to our \$70.00 per person guideline for New York City. Thus, we recommend a reduction of \$39.00 in expenses.

6. We noted the following travel expenses for which more information was needed:

7/17/2012 LTRV Travel Expense, Local Wyron, Richard \$ 2 4 2 . 0 0
VENDOR: Wyron, Richard H.; INVOICE#: 072012; DATE: 7/25/2012 - dc/dd/#155149/myp - meeting w/ Montana Counsel in Ny 7/17- 18/12

7/17/2012 TRV Travel Expense, Out of Town Wyron, Richard \$378.05
VENDOR: Wyron, Richard H.; INVOICE#: 072012; DATE: 7/25/2012 - dc/dd/#155149/myp - meeting w/ Montana Counsel in Ny 7/17- 18/12

8/5/2012 LTRV Travel Expense, Local Wyron, Richard \$337.50
VENDOR: Wyron, Richard H.; Invoice#: 090612; Date: 9/14/2012 - dc/dd/#157366/myp-sealed air mtg in Ny 9/5/12

In response to our request, Orrick provided the following information concerning these charges:

a. 7/17/12 – \$242.00 – Travel charge for business class, one-way train fare from Union Station, Washington, DC to New York, NY;

b. 7/17/12 – \$378.05 – Travel charge for one-night hotel stay at the Omni Hotel in New York, NY (base room rate was \$319.00); and

c. 9/05/12 – \$337.50 – Travel charge for business class, round-trip, train fare from Union Station, Washington, DC to New York, NY. Upon further review of accounting records, we determined that this charge was entered into our system incorrectly; the total fare was \$325.00 (\$139.00 for the trip to NY and \$186 for the return trip to DC). Therefore a reduction of \$12.50 is appropriate.

We appreciate Orrick's response and, consistent with same, recommend a reduction of \$12.50 in

expenses.¹

7. We noted the following air fare charges for which more information was needed:

7/18/2012 AIR Travel Expense, Air Fare Wyron, Richard \$ 4 9 3 . 8 0
VENDOR: American Express; INVOICE#: 072512; DATE: 7/14/2012 - FIRM -
FIRM/S#156222/MYP - LAWYERS TRAVEL CHARGE ACCT 3XXX x708-
11008

8/13/2012 AIR Travel Expense, Air Fare Frankel, Roger \$835.60
VENDOR: Frankel, Roger; INVOICE#: 081312A; DATE: 8/13/2012 -
DD/ID#156530/HR

In response to our request, Orrick provided the following information concerning these charges:

- a. 7/18/12 – \$493.80 – Travel charge for coach class, one-way air fare from Washington National Airport, DC to LaGuardia Airport, NY; and
- b. 8/13/12 – \$835.60 – Roger Frankel's travel charge for two coach class, one-way air fares from Washington National Airport, DC to LaGuardia Airport, NY on 7/11/12 and 7/22/12, in the amount of \$417.80 each.

We accept Orrick's response and have no objection to these expenses.

CONCLUSION

8. Thus, we recommend approval of \$553,578.25 in fees and \$6,113.97 in expenses (\$6,165.47 minus \$51.50) for Orrick's services for the Application Period.

¹We subsequently confirmed that these train trips were taken on the Acela Express. Since only business and first class seats are available on the Acela Express, we have no objection to these business class train fares.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 19th day of February, 2013.


Warren H. Smith

SERVICE LIST
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